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**HIGHLAND-BELL
LIMITED**

INTERIM REPORT
For the period ended June 30
1970



HIGHLAND-BELL LIMITED

STATEMENT OF EARNINGS

Six months ended June 30, 1970
(with comparative figures for 1969 re-stated as a corporation)

To the Shareholders:
Highland-Bell's net earnings for the first six months of 1970 increased from \$194,376 to \$594,555. The increase resulted from reduced exploration expenditures, increased dividend income and gains on sale of investments.

On January 1, 1970, Highland-Bell sold the business, property and assets of Mastodon-Highland Bell Mines Limited, a wholly-owned subsidiary, to Leitch Mines Limited for 750,000 common shares of Leitch. The assets of Mastodon-Highland Bell Mines included the Beaverdell mine and shares of Burnaby Iron Mines, Cariboo-Bell Copper, Highland Mercury, Newfoundland Zinc, Pine Bell and various syndicate participations. Your Company now holds 1,289,992 shares or 35% of Leitch Mines Limited.

In April, Highland-Bell purchased 566,667 shares of Brameda Resources Limited at a net cost of \$1,400,002. Highland-Bell also loaned Brameda \$500,000 by way of a debenture, convertible at Highland-Bell's option into 83,333 shares of Brameda prior to April 30, 1973. Brameda is exploring and developing the Casino porphyry copper deposit in the Yukon Territory and the Sukunka coking coal deposit in northern British Columbia, as well as other mining and timber interests. The investment in Brameda was financed through a bank-borrowing of \$1,600,000 and the sale of 14,500 shares of Mattagami Lake Mines Limited for a net price of \$355,105.

Through its investment holdings in Mattagami, Leitch and Brameda, Highland-Bell is participating in four interesting mineral deposits now being explored and developed: Sturgeon Lake, Cariboo-Bell, Casino and Sukunka.

On behalf of the Board

	<u>1970</u>	<u>1969</u>
INCOME:		
Dividends	\$ 239,250	\$ 201,000
Interest	3,335	13,359
	<u>242,585</u>	<u>214,359</u>
EXPENSES:		
Head office and administration (incl. directors' fees of \$1,050)	60,252	12,007
Exploration	997	5,256
	<u>61,249</u>	<u>17,263</u>
Profit before taxes on income	181,336	197,096
Taxes on income	—	2,720
	<u>181,336</u>	<u>194,376</u>
Gain on sale of investments	413,219	—
Net earnings for the period	\$ 594,555	\$ 194,376

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Six months ended June 30, 1970
(with comparative figures for 1969 re-stated as a corporation)

	<u>1970</u>	<u>1969</u>
SOURCE OF FUNDS:		
Earnings for the period	\$ 594,555	\$ 194,376
Gain on sale of investments	413,219	—
	<u>181,336</u>	<u>194,376</u>
Funds provided from operations	415,960	—
Sale of investments	597,296	194,376
	<u>163,296</u>	<u>—</u>
Dividends	1,595,002	—
Investment in marketable securities	900,000	—
Investment in non-marketable securities	2,495,002	163,296
	<u>(1,897,706)</u>	<u>31,080</u>
Increase (decrease) in working capital	413,866	440,225
Working capital at beginning of year	—	—
Working capital (deficiency) at end of period	<u>\$1,483,840</u>	<u>\$471,305</u>

Vancouver, B.C.

N. B. Keevil, Jr.
President

(Subject to audit and year-end adjustments)